

2004 MICHIGAN MI-1040 Schedule 1

Type or print in blue or black ink. Print numbers like this: 0123456789 - NOT like this: 0147

Attach to Form MI-1040.



Attachment Sequence No. 01

Filer's First Name	M.I.	Last Name	Filer's Social Security Number (Example: 123-45-6789) <div style="border: 1px solid black; height: 20px; width: 100%; text-align: center;">— —</div>
If a Joint Return, Spouse's First Name	M.I.	Last Name	Spouse's Social Security Number (Example: 123-45-6789) <div style="border: 1px solid black; height: 20px; width: 100%; text-align: center;">— —</div>

Additions to Income

1. Gross interest and dividends from obligations issued by states other than Michigan or their political subdivisions	1.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
2. Deduction for taxes on, or measured by, income including self-employment tax taken on your federal return (see page 14)	2.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
3. Gains from Michigan column of MI-1040D and MI-4797	3.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
4. Losses attributable to other states (see page 14)	4.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
5. Net loss from federal column of your Michigan MI-1040D or MI-4797	5.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
6. Other (see page 15). Describe:	6.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
7. Total additions. Add lines 1 through 6. Enter here and on MI-1040, line 11	7.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>

Subtractions from Income

8. Income from U.S. government bonds and other U.S. obligations included in MI-1040, line 10. (Attach U.S. <i>Schedule B</i> if over \$5,000.)	8.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
9. Military pay from U.S. Armed Forces included in MI-1040, line 10 (attach Schedule W). (Include retirement pay on line 12 of this schedule.)	9.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
10. Gains from federal column of Michigan MI-1040D and MI-4797	10.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
11. Income attributable to another state. Explain type and source:	11.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
12. Retirement or pension benefits included in MI-1040, line 10. (Include military retirement here.) See exceptions, pages 15-16. Name of payer:	12.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
13. Dividend/interest/capital gains deduction for senior citizens (see page 16)	13.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
14. Social Security benefits from U.S. 1040, line 20b or U.S. 1040A, line 14b	14.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
15. Income earned while a resident of a renaissance zone. Name of zone:	15.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
16. Michigan state and local income tax refunds received in 2004 and included in MI-1040, line 10	16.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
17. Michigan Education Savings Program 	17.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
18.  Michigan Education Trust	18.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
19. Miscellaneous subtractions (see page 16). Describe:	19.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>
20. Total subtractions. Add lines 8 through 19. Enter here and on MI-1040, line 13	20.	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; text-align: center;">00</div>

You must file an official Department of Treasury form for MI-1040 Schedule 1 or a Treasury-approved substitute. You may also file a photocopy of this form.

EXAMPLE A: Computing Pension Deduction

John and Karen file jointly and received the following income during 2004:

Michigan Public School Retirement System	\$12,000
Military Retirement Pay	\$ 8,000
General Motors Retirement Program	\$20,000
IRA Distribution	\$ 4,000

John and Karen are allowed to deduct the entire amount of pension income they receive from public/military retirement systems in determining Michigan taxable income. However, the maximum allowable private pension deduction must be reduced by the amount of public/military pension income claimed as a deduction.

Determining the private pension deduction:

Step 1: Add all public and military retirement benefits together $\$12,000 + \$8,000 = \$20,000$

Step 2: Deduct the amount calculated in Step 1 from \$77,100
(use \$38,550 if a single filer) $\$77,100 - \$20,000 = \$57,100$

Step 3: Combine the total amount of private pension income including IRAs $\$20,000 + \$4,000 = \$24,000$

Step 4: Determine which is smaller: the amount computed in Step 2 or Step 3.
The \$24,000 from Step 3 is smaller and is the allowable private pension deduction.

Step 5: Determine the total pension deduction by adding the amounts computed in Step 1 and Step 4.

Total public and military pension income	\$20,000
Total allowable private pension deduction	<u>24,000</u>
Total 2004 pension deduction. Enter on MI-1040 Schedule 1, line 12	\$44,000

EXAMPLE B: Senior Citizen Interest, Dividend and Capital Gains Deduction

Joe and Susan are both 67 and file jointly. They received the following income during 2004:

Capital Gains	\$10,000
Pension	\$ 2,000
Social Security	\$ 4,800
Dividends	\$ 500
Interest	\$ 2,000

They may deduct the \$2,000 pension on their MI-1040 and the senior citizen interest, dividend and capital gains income as shown in Steps 1 through 3 below.

Determining the interest, dividend and capital gains deduction:

Step 1: Add all capital gains, dividends and interest income:

Capital Gains	\$10,000
Dividends	500
Interest	<u>2,000</u>
Total	\$12,500

Step 2: Subtract pension from the maximum capital gains, dividends and interest deduction of \$17,190 for joint filers (\$8,595 for single filers).

Maximum Deduction Amount	\$ 17,190
Less Pension Subtraction	<u>(2,000)</u>
Total	\$ 15,190

Step 3: Total interest, dividend and capital gains deduction is the smaller of the calculation from Step 1 or Step 2; \$12,500 is the allowable deduction. Enter this amount on MI-1040 Schedule 1, line 13.